

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 500

BY EDUCATION COMMITTEE

AN ACT

RELATING TO THE PROFESSIONAL STUDIES PROGRAM; AMENDING SECTION 33-3720, IDAHO CODE, TO REVISE LOAN PROVISIONS AND THE REPAYMENT THEREOF FROM THE PROFESSIONAL STUDIES PROGRAM; AMENDING SECTION 33-3721, IDAHO CODE, TO PROVIDE CORRECT TERMINOLOGY AND TO PROVIDE FOR INTEREST FOR REPAYMENT OF LOANS TO BE RETAINED BY THE PROFESSIONAL STUDIES FUND; PROVIDING AN EFFECTIVE DATE AND PROVIDING APPLICATION.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. That Section 33-3720, Idaho Code, be, and the same is hereby amended to read as follows:

33-3720. PROFESSIONAL STUDIES PROGRAM. (1) It is hereby declared that it is in the public interest to assist Idaho citizens who wish to pursue professional studies in the fields of medicine, dentistry, veterinary medicine, and other health-related areas of study which are not available within the state by (a) entering into compacts or contractual agreements which make such courses of study available to Idaho citizens, and (b) providing a mechanism to provide funds for such Idaho citizens. It is further declared that it is in the public interest to encourage Idaho residents participating in such programs to return and practice their professions within the state of Idaho, particularly in medically underserved areas, by implementing a student loan forgiveness program.

(2) The state board of education is hereby authorized to enter into loan agreements with qualified recipients to participate in qualified programs, which agreements shall include provisions for repayment of the loan on terms agreed to by the board and the qualified recipient~~7~~. Such repayment agreements may shall include notice of the provisions for decreasing or delaying or forgiving the repayment obligation in relationship to the recipient's course of study or agreement of recipients who agree to return to Idaho to practice professionally and who meet the requirements set forth in this section.

(a) A qualified loan recipient shall be any Idaho student accepted into a qualified program who meets the residency requirements imposed by section 33-3717B, Idaho Code, and the rules of the state board of education.

(b) A qualified program shall be a program enumerated in section 33-3717B(7), Idaho Code, and any other medical, dental, veterinary medicine, or other health-related program in which participation by Idaho residents has been authorized by the legislature and for which funds have been obligated by the board pursuant to subsection (36) of this section.

(3) Within nine (9) months of successfully completing a qualified program and obtaining a professional license to practice, a loan recipient un-

der this section may apply to the state board of education for student loan forgiveness. To be eligible, the applicant must actively engage in professional practice or other professional pursuits within the state of Idaho for a period of at least sixty (60) months in a county with a population over seventy thousand (70,000) persons or for a period of at least thirty-six (36) months in a county with a population of seventy thousand (70,000) persons or less.

(4) The board shall require repayment of all amounts expended by the state of Idaho pursuant to this section on the student's education in the form of service for the time required or in the form of monthly monetary payments. The taking of a qualified residency program in the state shall be credited toward the practice requirements at the rate of one-third (1/3) year of practice for each year of service in the qualified residency program in the state. Interest shall only be charged on the amount due if the student does not return to work in Idaho within nine (9) months of obtaining a professional license, or if the student defaults on the monthly payments. Interest shall also begin to accrue if the board finds that the student has withdrawn from a professional school enumerated in section 33-3717B, Idaho Code, or is otherwise not making satisfactory progress toward completion of the degree or program. In the event that interest is charged, the money expended under the provisions of this section shall accrue at an annual interest rate equal to that charged for federal Stafford loans at the time interest begins to accrue, which rate shall be adjusted annually to match the federal Stafford loan rate. In no event shall the interest rate be greater than eight percent (8%). In the event the student does not complete the program, the board may prorate the amounts and interest to be repaid.

(5) An agreement entered into pursuant to this section shall be considered satisfied when any of the following conditions are met:

- (a) The terms of the agreement are completed;
- (b) The borrower who entered into the agreement dies;
- (c) The borrower who entered into the agreement, due to a permanent disability, is unable to practice his or her profession; or
- (d) The state board of education determines, on a case-by-case basis and within the board's sole discretion, that the student's obligation to repay the amounts, in whole or in part, constitutes an undue hardship.

(6) Any moneys received by the state board of education pursuant to this section shall be remitted to the professional studies fund. The state board of education is hereby authorized to transfer, distribute or pay such moneys as are available in the professional studies account to the school, program, or compact providing the course of study pursuant to contracts, agreements, or compacts entered into by the legislature or the state board of education.

(47) The state board of education is hereby authorized to adopt all necessary rules, subject to the provisions of chapter 52, title 67, Idaho Code, for the administration of the professional studies program.

(8) The state board of education shall report annually to the legislature of all repayment forgiveness they have granted and the reason for the forgiveness pursuant to the provisions of this section.

SECTION 2. That Section 33-3721, Idaho Code, be, and the same is hereby amended to read as follows:

1 33-3721. PROFESSIONAL STUDIES ~~ACCOUNT~~ FUND. (1) There is hereby cre-
2 ated in the ~~dedicated fund~~, state treasury the professional studies ~~account~~
3 fund. The professional studies ~~account~~ fund shall be used to receive moneys
4 from private contributions, from gifts and grants, from repayment of loans,
5 including interest thereon, and from any other source, in support of medi-
6 cal, dental, veterinary, or other health-related professional programs of
7 study.

8 (2) Interest earned on investments from moneys in the ~~account~~ fund
9 shall be paid to the ~~account~~ fund.

10 (3) All moneys in the ~~account~~ fund are hereby appropriated to the state
11 board of education for the purposes of section 33-3720, Idaho Code.

12 SECTION 3. This act shall be in full force and effect on and after July
13 1, 2014, and shall apply to all students entering the professional studies
14 program and obtaining loans pursuant to the provisions of this act.